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ABSTRACT

This study used data from the first and last waves of the 1996 U.S. Census Bureau's Survey of Income and Program Participation to compare the characteristics and wellbeing of low-income, single parent families before and after passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), noting the characteristics and wellbeing of low-income, single parent families headed by females in the post-PRWORA period. Results indicated that while the participation of many low-income single parents in the labor market substantially increased following implementation of welfare reform, millions of families remained in poverty, with their employment concentrated in low-wage occupations and industries (particularly among single mothers). Three years after passage of the PRWORA, although the population of low-income single parents was still predominantly female, there were significant changes in other key characteristics. Specifically, fewer welfare recipients were white, fewer had some college education, and more were concentrated in urban areas. The study concluded that poverty reduction should be the primary purpose of Temporary Assistance to Needy Families. (SM)

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INSTITUTE FOR WOMEN'S POLICY RESEARCH

Research-in-Brief

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Life After Welfare Reform: Low-Income Single Parent Families, Pre- and Post-TANF

By Janice Peterson, Xue Song, and Avis Jones-DeWeever

This Research-in-Brief is based on selected findings from a forthcoming Institute for Women's Policy Research study, *Life After Welfare Reform: The Characteristics, Work, and Well Being of Low-Income Single Parent Families, Pre- and Post-PRWORA*. The findings in this study underscore the need to make improvements to the welfare system to address gender and racial inequities and focus on poverty reduction.

Background

The 1996 welfare reform legislation, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), replaced Aid to Families with Dependent Children (AFDC) with a state-level block grant system, the Temporary Assistance to Needy Families (TANF) program. This legislation significantly changed the structure of income support for poor single-parent families in the United States by eliminating any entitlement to federal cash assistance, imposing a time limit for federal aid, and granting broad discretion to states in designing a "work-based safety-net" for poor families with children.

With TANF due for Congressional reauthorization by September 30, 2002, a number of issues are emerging in reauthorization discussions including the desirability of "work first" welfare-to-work strategies; the possibility of significant revisions to work and participation requirements for TANF recipients, and issues surrounding the structure and implementation of time limits and sanctions; funding levels and state accountability; and the overall primary purpose of TANF. Many welfare policy analysts recommend shifting the focus of welfare reform from caseload reduction to poverty reduction by making poverty reduction the primary purpose of TANF.

This study finds that three years after the passage of PRWORA, although the population of low-income single parents is predominately female—as it was in the past—there are some significant changes in other key characteristics of this population. Specifically, fewer welfare recipients are white, fewer have some college education, and more are concentrated in urban areas. In addition, there are some significant changes in income sources for low-income single parent families, but little improvement in their economic well-being. While the participation of many low-income single parents in the labor market increases, their earnings and wages remain low; and, their employment is concentrated in low-wage occupations and industries, particularly among low-income single mothers. Such findings raise questions about the prudence of mandating increased work hours for welfare recipients, particularly without increased education and training opportunities that would provide recipients with the necessary skills to acquire the type of employment that would bring about stability, a livable wage, and adequate health care coverage.

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These findings provide insights into the experiences of low-income single parent families in this new policy context and provide information related to a number of policy concerns raised by researchers and advocates in TANF reauthorization discussions.

Data and Sample

This study uses data from the U.S. Census Bureau's 1996 Survey of Income and Program Participation (SIPP), which provides information on the household and family structure, income sources, employment characteristics, and program participation of individuals, families, and households for the time period December 1995-February 2000. In order to compare the characteristics and well-being of low-income single parent families before and after the passage of PRWORA, this study uses data from the first and last waves of the 1996 SIPP (wave 1 and wave 12). The data from wave 1 cover a time period just prior to the passage of PRWORA (December 1995-June 1996 time period), while the data from wave 12 cover a time period roughly three years after the passage of PRWORA (August 1999-February 2000 time period).

This study examines a population of low-income single parent families[1] with children with a primary focus on the characteristics and well-being of low-income single parents who are "household heads." Among low-income single parent household heads, comparisons are made between single mothers and single fathers; welfare recipients[2] and low-income non-welfare recipients.[3]

Also included in the analysis is an examination of the characteristics and well-being of low-income single parent "subfamilies[4]," 99 percent of whom are headed by females in the post-PRWORA time period. Due to the overwhelming over-representation of women in the subfamily population, this sub-sample is restricted to single mothers.

Key Findings

Employment Characteristics and Outcomes

Increasing the employment of low-income single parents (particularly those receiving welfare) is a primary goal of PRWORA, and has become a central issue in reauthorization discussions. This study yields four sets of findings on labor market characteristics and outcomes of low-income single parents pre- and post-PRWORA that are particularly relevant to TANF discussions:

*... employed welfare recipients actually experienced a **decline** in access to employment-based health insurance (from 21 to 14 percent) after TANF implementation.*

- While a large share of low-income single parents participated in paid employment pre-PRWORA, work participation increased significantly post-PRWORA (from 60 to 69 percent), with particularly acute increased work participation among low-income single mother household heads (from 59 to 68 percent). In addition to increased work participation, low-income single parents also experienced increased attachment to their primary jobs as is evidenced by an increase in job tenure over the two time periods (from 18 months to 24 months).

- Although low-income single parents garnered increased monthly earnings in the post-PRWORA period (roughly $100 per month), no significant increase was found in the share who received health insurance through their employment. Furthermore, employed welfare recipients actually experienced a *decline* in access to employment-based health insurance (from 21 to 14 percent post-PRWORA).

- Over three-quarters (78 percent) of employed low-income single parents are concentrated in four typically low-wage occupations (service; administrative support and clerical; operators, fabricators, and laborers; and sales and related). The industrial distribution of employed single parents mirrors this trend as 44 percent work in services, and another 25 percent work in retail trade.

- Significant gender differences exist across a variety of employment characteristics. While low-income single mother household heads experience a much greater increase in work participation than their male counterparts (9 vs. 1 percent increase post-PRWORA), single mothers do not experience a greater increase in average monthly earnings or hourly primary job wage rates, and continue to earn significantly less than low-income single fathers post-PRWORA. In addition, the occupational and industrial distribution is quite different for low-income single mothers and single fathers, with low-income single mothers concentrated in low-wage, traditionally "female" jobs.

These findings are consistent with the concerns of many researchers and advocates that increases in employment are not necessarily moving low-income single parents toward long-term economic self-sufficiency. They highlight the need for policies to address the many problems of low-wage work in a broad and systematic way (through, for example, increases in the minimum wage and/or the establishment of living wages and the provision of necessary work supports). In particular, these findings emphasize the importance of public health insurance programs, such as Medicaid, and suggest that such programs be extended to a wider range of low-income workers and families.

Regarding the issue of gender disparities, these findings highlight the need to expand opportunities for low-income single mothers to move out of low-wage, traditionally female jobs, through education and training programs that allow them to acquire and develop the necessary skills and through equal opportunity policies that break down barriers in the labor market. In addition, these findings reinforce the importance of pay equity legislation aimed at improving wages in traditionally female sectors of the economy so that those who are likely to remain in these sectors can adequately support their families through work.

Income Sources and Poverty Status

With the passage of PRWORA and the implementation of the TANF program, welfare reformers sought to increase the reliance of low-income single parent families on earnings and familial income sources (such as child support) and to reduce their reliance on public assistance income (particularly AFDC/TANF). Three sets of findings on the income sources and poverty status of low-income single parent families pre- and post-PRWORA are particularly well suited to inform discussions regarding TANF reauthorization:

An estimated 3.1 million families live in poverty after welfare reform, including 1.5 million who live in dire poverty (income less than 50 percent of poverty).

- There are increases in average monthly family incomes ($115 per month) over the three years following the passage of PRWORA. In addition, low-income single parent families experience considerable changes in the importance of different income sources as earnings and child support replace a portion of AFDC/TANF income.

- Important differences are found in the changes in income sources and poverty status of different groups of low-income single parent families. Specifically, single mother subfamilies are particularly disadvantaged since the share that receives income from child support stagnates in this period (at 24 percent), while the share that receives AFDC/TANF declines significantly (from 28 to 15 percent) along with average monthly subfamily incomes (from $664 to $647 per month). This results in a very high incidence of poverty for subfamilies, as over 70 percent are poor in both time periods.

- Although the share of low-income single parent families with incomes below the official poverty line declines across the time periods included in this study (from 59 to 51 percent), the incidence of poverty remains very high. An estimated 3.1 million families live in poverty after welfare reform, including 1.5 million who live in dire poverty (income less than 50 percent of poverty). In addition, the poverty gap[5] for poor single parent families does not decline in the post-PRWORA time period.

This research demonstrates that, although low-income single parent families rely less on AFDC/TANF income following welfare reform, a way out of poverty is much more elusive. Increasing reliance on personal earnings and child support is simply not enough to substantially improve the lives of millions of Americans. These results are consistent with the work of others who find that the poorest single parent families are poorer after welfare reform (Primus and Daugirdas, 1999; Porter and Dupree 2001).

Demographic Characteristics

The demographic characteristics of low-income single parent families provide insight into the situations and challenges these families face in a changing economic and policy environment. Three sets of findings on the demographic characteristics of low-income single parents pre- and post-PRWORA are particularly relevant to current TANF reauthorization discussions:

- While women still make up the vast majority of low-income single parents, there are significant changes in the post-PRWORA racial/ethnic composition of low-income single parents, including those who are welfare recipients.

- The educational attainment of low-income single parents significantly changes across the two time periods included in this study. Most importantly, the share of low-income single parents that have acquired some college education decreases following the implementation of welfare reform.

- There are significant increases in the urban concentration of low-income single parents (from 70 to 82 percent) in the post-PRWORA time period. Likewise, substantial changes occur in the regional distribution of welfare recipients as caseloads radically decrease in the South (from 32 to 20 percent) and increase in the Northeast (from 17 to 26 percent).

Perhaps the most striking demographic change experienced, following the passage of PRWORA, is the significant shift in racial/ethnic composition of low-income single parent families and welfare recipients. Although whites constitute the largest share of low-income single parent household heads in both time periods (45 percent pre-PRWORA and 43 percent post-PRWORA), the share of white welfare recipients declines significantly over the two time periods (from 34 to 24 percent post-PRWORA). Conversely, the proportion of Hispanic welfare recipients undergoes a dramatic increase (from 20 to 29 percent post-PRWORA). Interestingly, while the representation of blacks among welfare recipients remains stable over this time period, blacks are the only racial group to experience an increase in the percentage of non-welfare recipients who are low-incomebetween the two time periods (from 29 to 34 percent post-PRWORA). These findings are consistent with concerns that white single parents may be more able to move out of the low-income population than single parents from racial/ethnic minority groups, and supports calls for more closely monitoring the racial/ethnic impacts of welfare reform and addressing racial/ethnic inequities in welfare policy and in the labor market.

... the share of low-income single parents who have some college education declined after TANF implementation, particularly among welfare recipients (from 24 to 17 percent).

The educational attainment of single parents also changes with the implementation of work-oriented welfare policies over this time period. Of most concern, the share of low-income single parents who have some college education declines, particularly among welfare recipients (from 24 to 17 percent). Not only are these findings consistent with other studies indicating that women with more education are more likely to leave welfare, but they raise questions about the ability of low-income single parents to acquire the skills necessary for long-term economic success in a "work first" policy environment. They also support calls to redefine the role of education and training in welfare policy and to expand educational opportunities for low-income parents as a part of TANF reauthorization.

TANF Reauthorization Recommendations

Overall, the data presented in this study indicate that poverty reduction should be the primary purpose of TANF. In so doing, TANF reauthorization should include a number of key elements. First, poverty reduction should serve as a key criterion for rewarding states for welfare reform successes (such as basing the "high performance bonus" on poverty reduction), and evaluating state-level TANF policies (such as time limits and sanctions).

Second, in working toward poverty reduction, work and family supports must be expanded. This is particularly important if increased work requirements are indeed on the horizon. These supports should take the form of increased child care subsidies and broader education and training opportunities that provide low-income single parents the skills they need to acquire and maintain stable employment that provides an adequate income.

Third, the changing face of welfare deserves special examination under welfare reauthorization. Specifically, monitoring the racial/ethnic impacts of welfare reform could provide insight into possible racial/ethnic inequities in employment and educational opportunities, which may shed some light on the disparate levels of welfare transitioning success experienced by whites and people of color.

Finally, the continuing overwhelming over-representation of women among TANF recipients underscores the need to address issues of particular relevance to women, such as occupational segregation in employment and education, and gender inequities in social welfare policy and the labor market. Until these issues are substantially addressed, opportunities to escape poverty will be severely limited for the bulk of TANF recipients.

Conclusions

Despite calls for increased work participation among welfare recipients, this study finds that even after single mothers substantially increased their participation in paid employment following the implementation of welfare reform, millions of families remain in poverty. These findings reflect the fact that most are trapped in low-wage, traditionally "female" jobs that fall far short of providing a livable wage. Welfare recipients have been particularly disadvantaged by this trend since many have lost the security of health insurance coverage upon finding employment. Set in this context, the road to self-sufficiency is precarious at best.

These findings suggest that poverty reduction be placed at the top of the TANF reauthorization agenda. In making poverty reduction a priority, lawmakers will need to rethink the structure and implementation of policies that restrict access to income supports for vulnerable working families. If work-oriented welfare policies are to do more than swell the ranks of the working poor, emphasis needs to be placed on the *quality* of jobs available to low-income single parents and to the work, family, and educational support necessary for providing them a pathway to real economic security.

Endnotes

1 A family is defined as "low-income" if average family income falls below 200 percent of the official poverty level in each of the four months in the survey period. A parent is defined a "single" if they are widowed, divorced, separated, or never married in each of the four months in the survey period.

2 Welfare recipients are defined as families who receive AFDC/TANF for at least one month of the four month survey period.

3 Low-income non-welfare recipients are defined as families who do not receive AFDC/TANF during any month of the four month survey period.

4 A subfamily is defined as a nuclear family who is related to, but does not include, the household head.

5 The "poverty gap" is defined as the average annual amount of income necessary to move a poor family up to the official poverty threshold.

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